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DDA Memo, 4 Apr 77

ARMY, DOS, DIA reviews

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By: 

GENERAL

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1. Meeting of CEEC again recommended--US Embassy London expresses the view that it would be desirable for the US to capitalize on widespread British support for European co-operative action by urging the UK to take the lead in calling a CEEC meeting devoted primarily to self-help measures. The Embassy feels such a meeting would be useful for both its substantive accomplishments and as evidence to the US of continuing European efforts.

British labor movement attitude toward USSR shifting--US Embassy London reports an accumulation of evidence indicating that the UK labor movement is rapidly shifting from a policy of appeasement of the USSR and Communism to a "more vigorous defense of British interests."

2. UK-Yugoslav trade agreement likely--The UK Foreign Office has informed US Embassy London that a UK-Yugoslav trade agreement (under negotiation since 18 August 1947) now appears likely. According to the Foreign Office, the agreement will be similar to the UK-USSR agreement and will not provide for the shipment of any UK materials which might augment the Yugoslav war potential.
3. UK considered to be capitalizing on Palestine stand--US Minister Childs in Jidda considers it very evident that the UK is improving its position with the Arab states by taking advantage of: (a) the favorable atmosphere created in the Arab world by the refusal of the UK to become involved in the imposed partition of Palestine; and (b) the "extremely unfavorable position" in which all-out support of partition has placed the US.

#### EUROPE

4. TRIESTE: Italians to make funds available--An Italian Foreign Office official has informed US Ambassador Dunn in Rome that

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the Italian Treasury will make available immediately one billion lire for AMG Trieste. Dum adds that the Foreign Office is pressing the Treasury for an additional two billions. Responsible AMG officers point out that three billion lire will be sufficient for AMG expenses until 15 February but that an additional five billions will be required prior to the end of the fiscal year on 15 March.

5. FRANCE: Alleged Communist plan for military activities-- US Ambassador Caffery in Paris has obtained from French Communist sources a report that the principal task of the recent Italian Party Congress at Milan was to "coordinate military activities of French, Italian, Swiss, and Spanish Communist parties." These sources say that the strategic plan, which is to be placed in operation in case the Kremlin decides that the international situation demands extreme action, would place the southern littoral of France under Communist control from the Spanish frontier to Switzerland, and inland centers, such as St. Etienne, would become "Soviet bases" connected with northern Italy. The informants add that the French and Italian Communists admit that they were recently obliged to make a "strategic retreat" and intend to reorganize in accordance with lessons learned in the recent "dress rehearsal" in France and Italy.

(CIA Comment: Although such a plan may have been considered, it is extremely unlikely that this plan would be implemented under present conditions. CIA considers that such a program will not be attempted unless: (a) Communist strategists estimate that the French Government is too weak to resist; (b) the Communists have gained control of northern Italy, from which area the operations in France can be directly supported; and (c) it appears reasonably certain to the Communist strategists that such a move would not provoke US intervention.

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6. ITALY: Communist propaganda campaign--US Military Attache in Rome reports that the Milan Congress established a new Communist propaganda campaign which would blame all the ills of Italy on US imperialism in order to "demonstrate that eventual Communist-led revolutionary moves are forced on the Party by US interference." The Military Attache believes that an intensification of the Communist offensive is indicated by pledges taken by the Congress to attain power in Europe at any cost.

7. POLAND: Top-level Polish mission leaves for Moscow--US Embassy Warsaw reports that a group of top-level Polish Government leaders, including the Socialist Premier, the Communist Vice Premier, and the Minister of Industry, have left for Moscow in order to attend discussions on the future pattern of Soviet-Polish trade and the repatriation of Poles from the USSR. The Embassy comments that the "high-powered character" of the mission indicates that the agenda also includes a discussion of methods of combatting the European recovery program.

(CIA Comment: By calling top Polish Socialists to Moscow, where the opportunity for bringing pressure to bear is greater than in Warsaw, the Communists may also be planning to force through a fusion of Socialist and Communist parties in Poland.)

#### NEAR EAST-AFRICA

8. INDIA: Views on Indo-Pakistan dispute--A former close associate of Gandhi has informed US Consul General Macdonald in Bombay of his belief that Gandhi's fast is a protest against an Indo-Pakistan war, which Gandhi "undoubtedly" believes to be inevitable. The former associate expressed the opinion that India will declare war against Pakistan before the UN concludes deliberations on the Kashmir dispute. (The associate, Kanji Dwarkadas, is an astute observer of Indian affairs who has long been friendly with both Congress Party and Moslem League leaders; he has no political affiliations.)

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Meanwhile, the US delegation to the UN reports that the Indian representative who will present India's case on Kashmir to the SC has reiterated the claim by India that it prefers solution of the problem by the SC to a settlement by force.

(CIA Comment: It is believed that India will not take precipitate action unless the Kashmir situation deteriorates further and/or the case in the SC appears to be going contrary to Indian interests.)

#### **FAR EAST**

9. **INDONESIA: Republic slow to accept GOC proposals**--The US delegation to the GOC reports that Dutch representatives would be satisfied with Republican acceptance of the GOC's truce plan by 15 January and the formal signature of a truce on 16 January. The US delegation believes, however, that the Republic will take as much time as possible to reach a decision.
  
10. **FRENCH INDOCHINA: Prospective use of Bao Dai forces**--US Embassy Paris has been informed by the French Foreign Office that Bao Dai has agreed to make the military forces of his projected government available for the defense of the French Union. According to the Foreign Office, France will in turn supply Bao Dai's government with arms to fight the Vietnam Republic under Ho Chi Minh and will withdraw French forces first from the north to Cochín China and finally from all of Indochina. (The French have already made plans to withdraw French troops to Cochín China in order to combat Vietnam guerrilla groups in that area; [redacted])  
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